

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 IO-14 ISO-00 OMB-01 TAR-02 SP-03 SWF-02

AGR-20 AID-20 CIAE-00 COME-00 INR-10 LAB-06 NSAE-00

OIC-04 RSC-01 SIL-01 STR-08 TRSE-00 CIEP-02 CEA-02

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TAGS ETRD UNCTAD

SUBJ UNCTAD: SATISFACTORY OUTCOME FOR MEETING ON PREFERENCES

REFS GENEVA 3447, 3458 AND PREVIOUS

BEGIN SUMMARY: SIXTH SESSION OF UNCTAD SPECIAL COMMITTEE ON PREFERENCES ADOPTED BY CONSENSUS RESOLUTIONS ON IMPROVEMENTS IN GENERALIZED SYSTEMS PREFERENCES AND ON MULTILATERAL TRADE NEGOTIATIONS (MTN). DIFFICULT RESOLUTIONS PROPOSED BY DEVELOPING COUNTRIES ON IMPLEMENTATION AND IMPROVEMENTS IN US GSP AND ON COUNTRIES MOST SERIOUSLY AFFECTED BY ENERGY CRISIS WERE ANNEXED TO REPORT FOR CONSIDERATION AT AUGUST SESSION OF TRADE AND DEVELOPMENT BOARD. US DEL MADE STATEMENTS ON THE THREE LDC DRAFT RESOLUTIONS. END SUMMARY.

1. FRIENDLY ATMOSPHERE PREVAILED AT CONCLUDING SESSION OF SIXTH SESSION OF UNCTAD SPECIAL COMMITTEE ON
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PREFERENCES. CONSENSUS RESOLUTIONS WERE ADOPTED ON

IMPROVEMENTS IN GSP SYSTEMS (AGENDA ITEMS 4 AND 5) AND MTN (ITEM 9). TURKEY, GREECE AND SPAIN MADE STATEMENTS EXPRESSING DISSATISFACTION THAT RESOLUTION ON IMPROVEMENTS (GENEVA 3458) DID NOT REFER TO EXPANSION OF BENEFICIARY COUNTRIES IN PREFERENCE SYSTEMS. GROUP OF 77 (DEVELOPING COUNTRIES) HAD INSISTED ON DELETION OF GROUP B (DEVELOPED COUNTRIES) PARA WHICH WOULD HAVE INVITED PREFERENCE GIVING COUNTRIES, WHERE POSSIBLE, TO GIVE CONTINUING CONSIDERATION TO REQUESTS OF CERTAIN LDCS REGARDING EXTENSION OF LIST OF BENEFICIARIES. (EC IN GROUP B AT FIRST OPPOSED REQUEST OF MEDITERRANEAN COUNTRIES TO INCLUDE CONCEPT OF EXPANSION OF BENEFICIARIES BUT LATER RELENTED. US DEL HAD TRIED TO STAY OUT OF ARGUMENT. HOWEVER, WHEN SPECIFIC TEXT WAS PROPOSED AND SUPPORTED BY MOST OF GROUP B, US DEL DID NOT OBJECT BUT REQUESTED WORDS "WHERE POSSIBLE" BE INSERTED POINTING OUT INCONSISTENCY OF US AGREEING TO GIVE CONTINUING CONSIDERATION TO REQUEST FROM COUNTRY, WHICH MANDATORILY EXCLUDED FROM US SYSTEM BECAUSE, FOR EXAMPLE, COUNTRY NOT GRANTED MFN.) REFERRING TO PARA 5 OF RESOLUTION, ITALY SAID PARA HAD TO BE INTERPRETED IN SPIRIT AND LETTER OF AGREED CONCLUSIONS ESPECIALLY SECTION IX ON LEGAL STATUS (I.E. PREFERENCES ARE NONBINDING UNILATERAL OFFER). SAID RES 77(III) ADOPTED BEFORE CONTEXT AND STRUCTURE OF WORLD ECONOMY HAD CHANGED. US DEL DID NOT SPEAR AFTER RESOLUTION ADOPTED BUT LATER MADE STATEMENT ON AGENDA ITEM 3 ON IMPLEMENTATION (SEE PARA 5 BELOW).

2. AS TO MTN RESOLUTION, INTERPRETATIVE STATEMENTS MADE BY GROUP B, 77 AND SECRETARIAT. GROUP B STATEMENT CONFINED TO PARA 3 ON TRANSMITTAL OF REPORT AND SECRETARIAT DOCUMENT (TD/B/C.5/26) AND MADE FOLLOWING POINTS: TRANSMITTAL OF DOCUMENTS REPRESENTS NO NEW PROCEDURE; GROUP B NOT COMMITTED TO SUBSTANCE OF DOCUMENT; RESERVATIONS OF GROUP B ON DOCUMENT SHOULD BE NOTED IN UNCTAD SYG'S LETTER OF TRANSMITTAL TO DG OF GATT. GROUP OF 77 STATEMENT EMPHASIZED USEFULNESS OF SECRETARIAT DOCUMENT, EXPRESSED DISAGREEMENT WITH VIEWS OF GROUP B ON PARA 3 AND URGED UNCTAD SECRETARIAT PARTICIPATION IN TNC AND ITS WORKING LIMITED OFFICIAL USE

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GROUPS AS APPROPRIATE IN ORDER TO ALLOW SYG TO CARRY OUT HIS MANDATE UNDER CONFERENCE RESOLUTION 82(III). IN WHAT CHARACTERIZED AS STATEMENT OF CLARIFICATION, DIRECTOR OF MANUFACTURES DIVISION (KRISHNAMURTI) SAID SECRETARIAT HAS NOT BEEN ABLE TO ATTEND MEETINGS OF TNC AND ITS WORKING GROUPS OR OBTAIN RELEVANT DOCUMENTS. UNLESS THESE PROBLEMS ARE SATISFACTORILY RESOLVED, UNCTAD SYG WILL NOT BE ABLE TO CARRY OUT

HIS RESPONSIBILITIES. HE EXPRESSED FIRM HOPE NECESSARY ACTION WILL BE TAKEN.

3. BASED ON FOREGOING COMMENTS OF GROUP OF 77 AND SECRETARIAT AND TREND OF DISCUSSIONS IN CONTACT GROUP, USDEL BELIEVES MAIN PURPOSE OF MTN RESOLUTION WAS TO DEAL WITH PROCEDURAL QUESTION OF GATT/UNCTAD RELATIONS. SUBSTANTIVE MATTERS REGARDING RELATIONSHIP OF GSP TO MTN APPEARED TO BE SECONDARY. IN GROUP B DISCUSSION OF RESOLUTION, EC SPOKESMAN (TRAN OF COMMISSION) TOOK VERY TOUGH LINE BOTH ON DOCUMENT (TD/B/C.5/26) AND ON SECRETARIAT ATTENDANCE AT TNC. US DEL MAINTAINED LOW PROFILE ON MTN RESOLUTION BOTH IN GROUP B AND IN CONTACT GROUP. OUR GENERAL ATTITUDE WAS TO SUPPORT A CONSENSUS APPROACH ON BEHALF OF GROUP B.

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4. DRAFT RESOLUTIONS ON IMPLEMENTATION OF US SYSTEM OF GSP (GENEVA 3390) AND IMPROVEMENTS IN SYSTEM (GENEVA 3391) WERE ANNEXED TO REPORT. IMPROVEMENTS RESOLUTION WAS DRAFTED BY LATIN AMERICAN GROUP. ASIAN GROUP

TRIED FOR SEVERAL DAYS TO KILL DRAFT BUT EVENTUALLY AGREED TO TABLING PROVIDED IT SEPARATED FROM MORE IMPORTANT QUESTION OF IMPLEMENTATION. INFORMALLY, US DEL TOLD LEADERS OF GROUP OF 77 TEXT WAS UNHELPFUL AND NON-NEGOTIABLE. WHEN ISSUE AROSE IN CONTACT GROUP, BRAZIL MADE NO EFFORT TO DISCUSS TEXT BUT SUGGESTED IT BE ANNEXED TO REPORT. LINE-UP ON DRAFT RESOLUTION ON IMPLEMENTATION WAS DIFFERENT. ASIANS AND LATINS WERE ANXIOUS TO HAVE AGREED TEXT AND WERE PREPARED ACCEPT MILD, HORTATORY TEXT PROPOSED BY US DEL IN CONTACT GROUP. AFRICAN GROUP, HOWEVER, INSISTED ON MAINTAINING REFERENCE TO STRONG APPEAL TO USG TO REMOVE DISCRIMINATORY AND RESTRICTIVE ASPECTS OF US SYSTEM. US DEL SAID HE COULD NOT ACCEPT THAT US SYSTEM DISCRIMINATORY OR RESTRICTIVE AND THEREFORE LIMITED OFFICIAL USE

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SUBSTANCE NOT NEGOTIABLE. CHAIRMAN (AWOKOYA OF NIGERIA), WHO WAS VERY HELPFUL TO US DEL THROUGHOUT MEETING, EXERTED HEAVY PRESSURE ON AFRICANS TO ACCEPT US PROPOSAL. AFRICANS REFUSED AND SUGGESTED INSTEAD THAT DRAFT RESOLUTION BE ANNEXED TO REPORT.

5. IN PLENARY, GROUP OF 77 SPOKESMAN (ALGERIA) PROPOSED THAT TWO DRAFTS ON US SCHEME BE ANNEXED TO REPORT AND THAT THE RESOLUTIONS BE CONSIDERED AGAIN AT TDB XIV. US DEL MADE STATEMENT CONTAINING FOLLOWING KEY POINTS:

(1) US ADMINISTRATION SUPPORTS GSP AND HOPES NECESSARY LEGISLATION WILL BE ADOPTED SOON;

(2) CONSIDERATION OF LEGISLATION AT DELICATE STAGE AND ADOPTION OF THE TWO DRAFT RESOLUTIONS WOULD BE COUNTERPRODUCTIVE RATHER THAN HELPFUL.

(3) US DEL WAS PREPARED ACCEPT RESOLUTION WHICH WOULD HAVE TAKEN DUE NOTE OF IMPORTANCE OF US GSP SYSTEM TO LDGS, EXPRESSED HOPE FOR EARLY ADOPTION BY THE LEGISLATURE AND ENCOURAGED THE ADMINISTRATION TO INITIATE THE REQUIRED PROCEDURE FOR IMPLEMENTATION SOON AFTER ENACTMENT OF BILL.

(4) US APPROACH TO GSP PRAGMATIC AND SYSTEM LIBERAL AND NON-DISCRIMINATORY; WE WILL TRY TO FOLLOW FORTH-COMING APPROACH ON IMPLEMENTATION AND IMPROVEMENT.

(5) US UNABLE SAY WITH EXACTITUDE WHAT DETAILS OF FINAL LEGISLATION WOULD BE AND SIMILARLY COULD NOT PREDICT WHAT WILL BE PRACTICABLE IN FUTURE OR MAKE FIRM

COMMITMENTS ON IMPROVEMENTS.

(6) HOWEVER, OUR GSP NOT STATIC AND WE READY
AFTER ADOPTION OF LEGISLATION TO DISCUSS IMPROVEMENTS
IN LIGHT OF OUR OPERATIONAL EXPERIENCE.

6. DRAFT RESOLUTION ON COUNTRIES MOST SERIOUSLY
AFFECTED (MSA) BY ENERGY CRISIS ALSO ANNEXED TO REPORT
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FOR FURTHER CONSIDERATION AT TDB. US AND SEVERAL OTHER
DELS STRONGLY URGED MSA COUNTRIES TO FOLLOW THIS COURSE
OF ACTION RATHER THAN FORCE US TO TAKE NEGATIVE STAND.
ON SUBSTANCE, GROUP B COUNTRIES GENERALLY AGREED DIFFICULTIES
OF MSA COUNTRIES BEST HANDLED BY FINANCIAL
MEASURES RATHER THAN COMMERCIAL POLICY MEASURE
LIKE GSP. EC AND NORDICS, HOWEVER, WANTED GIVE APPEARANCE
OF BEING SYMPATHETIC AND SUGGESTED GROUP B PROPOSE
ADDING MSA COUNTRIES ALONG WITH LEAST DEVELOPED IN PARA 4
OF RES ON IMPROVEMENTS (GENEVA 3380). US, CANADA AND
JAPAN ARGUED IT WAS MISTAKE TO INTRODUCE MSA ISSUE IN
GSP RESOLUTION AND TO INFER MSA COUNTRIES EQUAL IN STATUS
TO LEAST DEVELOPED. EC WAS EVENTUALLY PERSUADED NOT
TO PRESS POINT. INSTEAD SEVERAL GROUP B DELS (INCLUDING
US) MADE STATEMENTS IN PLENARY SYMPATHETIC TO GENERAL
PROBLEMS OF MSA COUNTRIES. US DEL SAID WOULD NOT
COMMENT ON SUBSTANCE BUT WANTED NOTE GENERAL CONCERN
OF US AND EFFORTS TAKEN BY US DEL AT SPECIAL SESSION
OF GA. WE STATED MATTER UNDER ACTIVE CONSIDERATION
IN ANOTHER FORUM AND THANKED GROUP OF 77 FOR NOT
PRESSING FOR ADOPTION OF DRAFT RESOLUTION. EC
QUESTIONED WHETHER GSP REALLY APPLICABLE TO MSA PROBLEMS
AND TRIES TO SOUND FORTHCOMING BY PROMISING TO GIVE
MORE TECHNICAL ASSISTANCE TO HELP MSA COUNTRIES MAKE
BETTER USE OF GSP. NORDICS SAID THEY WOULD SERIOUSLY
CONSIDER WHAT MIGHT BE DONE IN FRAMEWORK OF GSP.

7. REMAINING AGENDA ITEMS WERE HANDLED IN ROUTINE
FASHION. COMMITTEE AGREED RECONVENE WORKING GROUP (WG)
ON RULES OF ORIGIN. SECRETARIAT SAID IT PLANNED HAVE
WG MEET LATE IN 1974. ABRAMS

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